



**FELLOWS OF THE
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**The Women's Policy
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AB 324: Elder Economic Dignity Act of 2009

This legislation, authored by Assemblymember Beall and Senator Liu, would use the Elder Economic Security Standard™ Index (Elder Index) to provide a better measure of poverty to plan for the needs of California's growing aging population. The Elder Index is a new tool that accurately quantifies the annual cost of meeting *basic* needs for retired, older adults in each California county. AB 324 would:

- Require California Area Agencies on Aging (AAA) to use the Elder Index to determine poverty in preparing their needs assessment, and in developing local area plans. (no cost)
- Require the California Department of Aging (CDA) to include a compilation of this local Elder Index data in its State area plan. (no cost)
- Require any *new* California State needs-based program to use the Elder Index, or some percentage thereof, in determining eligibility. This would also apply to any current program that is later modified to become needs-based. (no cost)
- Require the CDA to annually update the Elder Index for each county of California and annually calculate the number and demographic profile of seniors living below the updated Elder Index. (less than \$60,000/year)
- Require the intake forms for the statewide Linkages case management program to use the Elder Index to identify seniors in economic need and then refer them to the appropriate resources and programs. (no cost)
- A separate Resolution (AJR 6) urges Congress and the President to modernize the Federal Poverty Guidelines to reflect the actual costs to survive in each state and county of the United States. (no cost)

PROBLEM

Legislators struggle to create effective policies to promote economic security and eradicate poverty because they do not have an accurate picture of what it really takes to make ends meet in today's economy. Policymakers typically measure poverty and determine benefits eligibility using the Federal Poverty Line (FPL), which is a 1963 measure based *solely* on the cost of a bare-bones food diet. Although it is updated annually using the Consumer Price Index (CPI), the 2008 FPL is the same dollar amount—\$10,400 for an individual living alone—whether one lives in a high cost market like urban L.A. or a low cost one like rural Arkansas. As a result, the FPL *vastly* understates the real number of people struggling to make ends meet—leaving policymakers with unreliable data and poor planning tools. Many seniors fall through the cracks of this faulty system, with too much income to qualify for support, but not enough to cover their most basic human needs.

SOLUTION

The Elder Index sets a new benchmark of income adequacy for older adults. It provides the true cost of meeting basic needs and maintaining independence in the community. By institutionalizing this tool, AB 324 will empower policymakers to allocate limited resources more effectively, and to prepare for the needs of seniors and aging baby boomers. This bill would also enable direct service providers to identify seniors struggling to cover their costs, and refer them to appropriate resources. By updating the Elder Index annually, AB 324 will help adults of *any* age make informed decisions about *when* and *where* to retire, how much to save now, and whether to continue working even after they formally "retire." Finally, while having no impact on eligibility for *current* programs, AB 324 would allow policymakers to use an updated, more accurate, and localized measurement to set income standards for *future* programs.

RESEARCH

The Elder Index for California reveals that the Federal Poverty Line (FPL) covers less than half of the basic costs experienced by adults age 65 and older in the state. The Elder Index sets a new benchmark of income adequacy for policy and program development to help elders meet their basic needs and maintain independence.

Current economic needs of elders in California:

- California leads the nation with the most elders living below the Federal Poverty Line (300,000).
- The majority of people living below the Federal Poverty Line are women and people of color.
- 864,000 California elders do not have enough income to cover their most basic needs (e.g. housing, healthcare, food, transportation), as measured by the Elder Index.
- 677,000 California elders living alone or with a partner struggle to survive on incomes above the FPL but below the Elder Index. Public programs (e.g., Food Stamps, Medi-Cal, Medicare subsidy programs) are failing to help these seniors because eligibility for these programs is based on the FPL.
- The U.S. Census Bureau projects that the population of people age 65 and over is expected to more than double by 2030, both in California and nationally.
- California already has the largest percentage of adults age 65 or older in the country (3.5 million).
- Without an accurate, regional picture of economic needs, local Area Agencies on Aging cannot adequately plan for the needs of this growing population. As a result, they end up using inconsistent alternatives to assess poverty in their communities (e.g. 175% of FPL, 200% FPL, 100% of Area Median Income, 80% of median housing prices, etc.). This lack of uniformity is not only inefficient, but it is also more costly and less effective.

PRIOR OR SIMILAR LEGISLATION

- SJR 15 (Alarcón): Requests the President and Congress to begin a process to better calculate the Federal Poverty Guidelines and to use existing models to calculate poverty including geographic costs of living. (2003-2004 Session, Bill Chaptered)
- AB 2521 (Portantino): declares that the FPL is known to be outdated, covering less than half of the basic costs experienced by adults age 65 and older. (2007-2008 Session)
- City of Los Angeles City Council, Council File 08-1952: Instructs LA City departments, including the Chief Legislative Analyst, to report on developing a self-sufficiency index and changes to eligibility under a new index; it also requests that the City Attorney draft an ordinance to implement a Self-Sufficiency Standard in Los Angeles. (2008)
- City and County of San Francisco, Resolution 660-04: Adopts the California Family Economic Self-Sufficiency Standard as a goal for the City and County to achieve, through legislation, budgetary planning decisions, and executive policy directives. (2004)
- AB 56 (MA): Calls for the creation of a “Secretary to End Poverty.” However the role would be limited to a review of existing anti-poverty programs, rather than the reworking of poverty definitions. (2007-2008 Session)

Other significant efforts to reform the Federal Poverty Line

- July 13, 2008: New York City Mayor Michael Bloomberg announced a new alternative to the Federal Poverty Guidelines. The new poverty measure was developed by the City’s Center for Economic Opportunity based on recommendations to Congress from the National Academy of Sciences. New York City is the first local government in the nation to reformulate and modernize the 40-year-old poverty measure.
- September 18, 2008: U.S. Congressman Jim McDermott (D-WA), Chairman of the House Subcommittee on Income Security and Family Support of the Committee on Ways and Means, introduced H.R. 6941, *Measuring American Poverty Act of 2008*, to provide an improved and updated method for assessing poverty in the U.S. Senator Dodd (D-CT) introduced a Senate version, S. 3636, on September 26, 2008; and President Obama (then-Presidential Candidate) issued a press statement in support of a modernized measure.

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